

Limit on Alternative Minimum Tax for Children Under Age 14

1997

3536

Attach ONLY to the child's Form 540 or Form 540NR.

Child's name as shown on the return

Child's social security number

Parent's name (first, initial, last) **Caution:** See instructions before completing

Parent's social security number

Caution: Read General Information before completing.

1	Enter the tentative minimum tax (TMT) from the child's Schedule P (540), Part III, line 24 or Schedule P (540NR), Part III, line 26	1			
2	Enter the TMT from the parent's Schedule P (540), Part III, line 24 or Schedule P (540NR), Part III, line 26	2			
3	Enter the total TMT, if any, for all other children (under age 14) of the parent from each other child's Schedule P (540), Part III, line 24 or Schedule P (540NR), Part III, line 26. Do not include the amount from line 1 above. See instructions.	3			
4	Add line 1 through line 3	4			
5	Enter the regular tax from the child's Schedule P (540), Part III, line 25 or Schedule P (540NR), Part III, line 27	5			
6	Enter the regular tax from the parent's Schedule P (540), Part III, line 25 or Schedule P (540NR), Part III, line 27. If Schedule P (540) or Schedule P (540NR) was not completed for the parents, see instructions	6			
7	Enter the total regular tax, if any, for all other children (under age 14) of the parent from each other child's Schedule P (540), Part III, line 25 or Schedule P (540NR), Part III, line 27. Do not include the amount from line 5 above. If Schedule P (540) or Schedule P (540NR) was not completed for all these children, see instructions	7			
8	Add line 5 through line 7	8			
9	Subtract line 8 from line 4. If zero or less, enter -0- here and on line 17	9			
10	Enter the alternative minimum tax (AMT) from the parent's Schedule P (540), Part III, line 26 or Schedule P (540NR), Part III, line 28.	10			
11	Subtract line 10 from line 9. If zero or less, enter -0- here and on line 17.	11			
12	Subtract line 5 from line 1	12			
13	Enter the total AMT, if any, for all other children (under age 14) of the parent. See instructions	13			
14	Add line 12 and line 13	14			
15	Divide line 12 by line 14 and enter the result as a decimal rounded to four places. If the amounts on line 12 and line 14 are the same, enter 1.0000	15			
16	Multiply line 11 by line 15.	16			
17	Child's AMT. Enter the smaller of line 12 or line 16 here and on the child's Schedule P (540), Part III, line 26 or Schedule P (540NR), Part III, line 28. In the space to the left of Schedule P (540), Part III line 26 or Schedule P (540NR), Part III, line 28, write "FTB 3536"	17			

General Information

Purpose

You may be able to reduce a child's alternative minimum tax (AMT) if the child was under age 14 on January 1, 1998. Use this form to determine if the child's AMT may be reduced and, if so, the amount to enter on the child's Schedule P (540), Alternative Minimum Tax and Credit Limitations-Residents, Part III, line 26, or Schedule P (540NR), Alternative Minimum Tax and Credit Limitations-Nonresidents or Part-Year Residents, Part III, line 28.

Who Must File

Complete this form if the amount on the child's:

- Schedule P (540), Part III, line 24 is more than the amount on line 25 of that schedule; or
- Schedule P (540NR), Part III, line 26 is more than the amount on line 27 of that schedule.

Before you complete this form, you must complete the child's Schedule P (540), through line 25, or the child's Schedule P (540NR), through line 27. If applicable, you must also complete Schedule P (540 or 540NR) for the parent and for each of the parent's other children who were under age 14 on January 1, 1998.

Do not complete this form if the amount on the child's:

- Schedule P (540), Part III, line 25 is equal to or more than the amount on line 24 of that schedule; or

- Schedule P (540NR), Part III, line 27 is equal to or more than the amount on line 26 of that schedule.

Also, do not complete this form if neither of the child's parents was alive on December 31, 1997.

Amended return – If, after the child's return is filed, the parent or any of the other children of the parent subject to these special rules have a change in tax liability, you must refigure the child's AMT on form FTB 3536 using the adjusted amounts. If the child's AMT changes as a result of refiguring form FTB 3536, file Form 540X, Amended Individual Income Tax Return, to correct the child's tax.

Specific Instructions

Parent's name and social security number (SSN).

If the child's parents were married to each other and filed a joint return, enter the name and SSN of the parent who is listed first on the joint return. For example, if the father's name is listed first on the return and his SSN is listed in the block labeled "your social security number," enter his name and SSN on the parent's line.

If the parents were married to each other but filed separate returns, enter the name and SSN of the parent who had the higher taxable income. Follow the rules in federal Pub. 929, Tax Rules for Children and Dependents, to determine the higher taxable income.

If the parents were unmarried, treated as unmarried for federal income tax purposes, or separated either by a divorce or separate maintenance decree, enter the name and SSN of the parent who had custody of the child for most of the year (the custodial parent).

Exception: If the custodial parent remarried and filed a joint return with his or her new spouse, enter the name and SSN of the person who is listed first on the joint return, even if that person is not the child's parent. If the custodial parent and his or her new spouse filed separate returns, enter the name and SSN of the person with the higher taxable income, even if that person is not the child's parent.

Line 2 – If the parent was not required to complete Schedule P, enter -0-.

Line 3 – If Schedule P (540 or 540NR) was completed for any of the parent's other children who were under age 14, add the amounts, if any, from each child's Schedule P (540), Part III, line 24, or Schedule P (540NR), Part III, line 26 and enter the total on line 3.

Line 6 – If the parent was not required to complete Schedule P (540 or 540NR), use the following instructions to find the amount to enter on this line.

If the parent filed:

Form 540 – Add the amount from the parent's Form 540, California Resident Income Tax Return, line 20, to any tax from form FTB 5870A, Tax on Accumulation Distribution of Trusts, entered on the parent's Form 540, line 23. Enter the total on line 6.

Form 540A – Enter on line 6 the amount from the parent's Form 540A, California Resident Income Tax Return, line 17.

Form 540NR – Multiply the amount from the parent's Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, line 22 by the ratio on the parent's Form 540NR, line 25a. Add the result to any tax

from form FTB 5870A entered on the parent's Form 540NR, line 26. Enter the total on line 6.

Line 7 – Enter on line 7 the total regular tax of all other children of the parent who were under age 14 by adding the amounts from each of those children's Schedule P (540), Part III, line 25, or Schedule P (540NR), Part III, line 27. If Schedule P (540 or 540NR) was not completed for some of those children, also add the amounts figured as follows.

If the parent's other child filed:

Form 540 – Add the amount from the child's Form 540, line 20, to any tax from form FTB 5870A entered on Form 540, line 23. Enter the total on line 7.

Form 540A – Enter on line 7 the amount from the child's Form 540A, line 17.

Form 540NR – Multiply the amount from the child's Form 540NR, line 22 by the ratio on the child's Form 540NR, line 25a. Add the result to any tax from form FTB 5870A entered on the child's Form 540NR, line 26. Enter the total on line 7.

Line 13 – Figure the AMT of each of the parent's other children who were under age 14 for whom Schedule P was completed. To do this, subtract the amount shown on each other child's:

- Schedule P (540), Part III, line 25 from the amount on line 24 of that schedule; or
- Schedule P (540NR), Part III, line 27 from the amount on line 26 of that schedule.

If the result is zero or less, that child does not owe AMT.

Example: The parent of the child for whom this form is being completed has two other children who are under age 14. The amount on the first child's Schedule P (540), Part III, line 24, is \$10,000 and the amount on line 25 is \$3,000. The first child's AMT is \$7,000 (\$10,000 – \$3,000). The second child has \$2,500 on Schedule P (540), Part III, line 24 and \$3,000 on line 25. The second child's AMT is zero. The amount to enter on form FTB 3536, line 13 is \$7,000 (\$7,000 + 0).